GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:19
ANSWERED ON:20.02.2001
NITROGENOUS FERTILIZER
ANANTRAO GUDHE

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether the production of straight nitrogenous fertilizers comprising largely of urea, recorded a negative growth in recent months, given the uncertainty over the timing of the abolition of Retention of Pricing Scheme (RPS) for other urea;

(b) if so the details thereof; and

(c) the details of steps taken/proposed to be taken to attract private and FDI in fertilizers andchemicals sector alongwith the perspective growth in the industry?

Answer

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI SATYA BRATA MOOKHERJEE)

(a) & (b): No, Sir. Production of straight nitrogenous fertilizers i.e urea has been 169.01 lakh tonnes during April, 2000 to January, 2001 as against 168.37 lakh tonnes produced during the corresponding period of the previous year.

(c) 1. To encourage investment in the fertilizer sector, the following facilities/ concessions have been made available to the fertilizers industry by the Government at present:-

i) As per the industrial policy resolution dated 24th July 1991, no licence is normally required for setting up/expansion of fertilizers plant, subject to environmental clearance.

ii) Deemed Export Benefits to indigenous suppliers of capital goods to fertilizer projects provided such supplies are made under the procedure of international competitive bidding.

iii) Reasonable return on investment to the entrepreneurs under the Retention Price-cum-Subsidy Scheme, at present applicable to existing urea capacity.

iv) Concession on sale of decontrolled phosphatic and potassic fertilizers.

v) Import of capital goods for setting up of new fertilizer plant/modernisation of existing units at a concessional rate of customs duty.

vi) Import of fertilizer raw materials and intermediates at a concessional rate of customs duty.

2. For attracting FDI in Chemical Sector, the following steps have been taken:

i) Access to the automatic route for Foreign Direct Investment has been made easier.

ii) Manufacture of chemicals has been de-licensed except for few hazardous chemicals.

iii) The time frame for consideration of FDI proposals has been reduced from 6 weeks to 30days for communicating Government decision.

iv) Requirement of foreign owned Indian holding companies to obtain prior and specific approval of FIPB/Government for down stream investment in priority activities has been dispensed with subject to specific conditions.

v) The Foreign Investment Implementation Authority (FIIA) has been set up to provide a single point interface between foreign investors and the Government machinery both at the Central and State level.